

REMARKS:

Claims 1-70 are currently pending in the application. Claims 18-32, 50-65, 68, and 70 stand rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter. Claims 1-4, 8-21, 25-37, 41-54, and 58-70 stand rejected under 35 U.S.C. § 102(e) over U.S. Patent Application Publication No. 2002/0116317 to May ("May"). Claims 5-7, 22-24, 38-40, and 55-57 stand rejected under 35 U.S.C. § 103(a) over May in view of U.S. Patent Application Publication No. 2002/0004850 to Li et al. ("Li").

By this Amendment, claims 18, 20, 21, 24, 25, 28, 50, 51, 53, 57, 58, 61, 68, and 70 have been amended to further clarify that these claims each recite a computer-implemented method performed using one or more computer systems and are directed to patentable subject matter and are clearly directed to patentable subject matter. Also by this Amendment, claims 5, 22, 38, and 55 have been amended to improve the form thereof. No new matter has been added.

REJECTION UNDER 35 U.S.C. § 101:

Claims 18-32, 50-65, 68, and 70 stand rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter.

Although Applicant believes claims 18-32, 50-65, 68, and 70 are directed to patentable subject matter without amendment, Applicant has amended claims 18, 20, 21, 24, 25, 28, 50, 51, 53, 57, 58, 61, 68, and 70 to further clarify that these claims each recite a computer-implemented method performed using one or more computer systems and are directed to patentable subject matter and are clearly directed to patentable subject matter. These amendments are not considered narrowing or necessary for patentability. By making these amendments, Applicant does not indicate agreement with or acquiescence to the Examiner's position with respect to the rejections of these claims under 35 U.S.C. § 101, as set forth in the Office Action.

For at least these reasons, Applicant submits that claims 18-32, 50-65, 68, and 70 are directed to statutory subject matter. The Applicant further submits that claims 18-32,

50-65, 68, and 70 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 18-32, 50-65, 68, and 70 under 35 U.S.C. § 101 be reconsidered and that claims 18-32, 50-65, 68, and 70 be allowed.

REJECTION UNDER 35 U.S.C. § 102(e):

Claims 1-4, 8-21, 25-37, 41-54, and 58-70 stand rejected under 35 U.S.C. § 102(e) over May.

May discloses a trading system for managing electronic trading of financial instruments, such as derivatives. For example, May discloses that the system provides for trading methodologies referred to as the auction and switch auction. The auction and switch auction include an auto matching process for switches. Because financial instruments traded using the auction and switch auction typically involve long-term financial commitments, the auction and switch auction take into account the credit preferences of users. The system allows dealers to set up preferences for ensuring that counterparties meet suitability and credit requirements for establishing a trading relationship. The auction price is calculated by finding the price at which the most volume is traded. The system executes an auction by matching orders giving priority to better submitted prices. For a switch auction, the system accounts for credit preferences of the users so as to maximize volume and minimize the number of tickets generated. This is done by giving priority to some users over others as required in order to satisfy respective credit preferences.

However, May fails to disclose several of the limitations recited by claims 1-4, 8-21, 25-37, 41-54, and 58-70. Thus, it is respectfully asserted that claims 1-4, 8-21, 25-37, 41-54, and 58-70 patentably distinguish over May.

For example, with respect to claim 1, this claim recites:

a database operable to store profiles for parties to the negotiation, each profile specifying values for one or more parameters being negotiated, these values reflecting a desirable outcome of the negotiation for the associated party; and

a matching server operable to:

access an offer from a first party containing values for one or more of the parameters being negotiated;

compute a distance between the values in the offer and the values in the profile of a second party;

if the distance is acceptably small, cause the offer to be accepted by the second party to conclude the negotiation; and

if the distance is not acceptably small, automatically modify one or more values in the offer such that the distances between the modified offer and the profiles of the first and second parties are acceptably small simultaneously and, in response, cause the modified offer to be accepted by both the first and second parties to conclude the automatic negotiation.

May fails to disclose several of the limitations recited in claim 1. For example, May fails to disclose a database operable to store profiles, where each profile specifies values for one or more parameters *being negotiated*. May also fails to disclose a matching server operable to compute a distance between values in an offer and values in the profile of a second party. By virtue of the fact that May fails to disclose computing such a distance, it follows that May further fails to disclose causing the offer to be accepted if the distance is acceptably small, and fails to disclose automatically modifying values of the offer if the distance is not acceptably small.

Thus, the allegation in the present Office Action that May discloses all of the above-mentioned limitations is respectfully traversed. Further, it is noted that the Office Action provides no concise explanation as to how May is considered to anticipate all of these limitations of claim 1. Instead, the Office Action merely restates the subject matter of the present claims and then cites several rather large blocks of text contained in May. It is respectfully pointed out that "it is incumbent upon the examiner to identify wherein each and every facet of the claimed invention is disclosed in the applied reference." Ex parte Levy, 17 U.S.P.Q.2d (BNA) 1461, 1462 (Pat. & Tm. Off. Bd. Pat. App. & Int. 1990).

With respect to independent claims 16, 17, 18, 33, 49, 50, 66, 67, 68, 69, 70, each of these claims includes limitations similar to those discussed above in connection with claim 1. Therefore, claims 16, 17, 18, 33, 49, 50, 66, 67, 68, 69, 70 are considered patentably distinguishable over May for at least the reasons discussed above in connection with claim 1.

With respect to dependent claims 2-4, 8-15, 19-21, 25-32, 34-37, 41-48, 51-54, and 58-65, claims 2-4 and 8-15 depend from independent claim 1, claims 19-21 and 25-32 depend from independent claim 18, claims 34-37 and 41-48 depend from independent claim 33, and claims 51-54 and 58-65 depend from independent claim 50. As mentioned above, each of independent claims 1, 18, 33, and 50 is considered patentably distinguishable over May. Therefore, dependent claims 2-4, 8-15, 19-21, 25-32, 34-37, 41-48, 51-54, and 58-65 are considered to be in condition for allowance for at least the reason of depending from an allowable claim.

Thus, for the reasons set forth herein, the Applicant submits that claims 1-4, 8-21, 25-37, 41-54, and 58-70 are not anticipated by May. The Applicant further submits that claims 1-4, 8-21, 25-37, 41-54, and 58-70 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 1-4, 8-21, 25-37, 41-54, and 58-70 be reconsidered and that claims 1-4, 8-21, 25-37, 41-54, and 58-70 be allowed.

THE LEGAL STANDARD FOR ANTICIPATION REJECTIONS UNDER 35 U.S.C. § 102:

The following sets forth the legal standards for "anticipation."

The events that can lead to anticipation can be divided into the following seven categories, all defined by statute:

1. Prior Knowledge: The invention was publicly known in the United States before the patentee invented it.

2. Prior Use: The invention was publicly used in the United States either (i) before the patentee invented it; or (ii) more than one year before he filed his patent application.

3. Prior Publication: The invention was described in a printed publication anywhere in the world either (i) before the patentee invented it; or (ii) more than one year before he filed his patent application.

4. Prior Patent: The invention was patented in another patent anywhere in the world either (i) before the patentee invented it; or (ii) more than one year before he filed his application.

5. On Sale: The invention was on sale in the United States more than one year before the patentee filed his application.

6. Prior Invention: The invention was invented by another person in the United States before the patentee invented it, and that other person did not abandon, suppress or conceal the invention.

7. Prior U.S. Patent: The invention was described in a patent granted on a patent application filed in the United States before the patentee made the invention.

Each of those seven events has its own particular requirements, but they all have the following requirements in common:

1. Anticipation must be shown by clear and convincing evidence.

2. If one prior art reference completely embodies the same process or product as any claim, the product or process of that claim is anticipated by the prior art, and that claim is invalid. To decide whether anticipation exists, one must consider each of the elements recited in the claim and determine whether all of them are found in the particular item alleged to be anticipating prior art.

3. There is no anticipation unless every one of those elements is found in a *single* prior publication, prior public use, prior invention, prior patent, prior knowledge or prior sale. One may not combine two or more items of prior art to make out an anticipation. One should, however, take into consideration, not only what is expressly disclosed or embodied in the particular item of prior art, but also what inherently occurred in its practice.

4. There cannot be an accidental or unrecognized anticipation. A prior duplication of the claimed invention that was accidental, or unrecognized, unappreciated, and incidental to some other purpose is not an invalidating anticipation.

Those four requirements must be kept in mind and applied to each kind of anticipation in issue. The following additional requirements apply to some categories of anticipation.

1. Prior Knowledge: An invention is anticipated if it was known by others in the United States before it was invented by the patentee. "Known," in this context, means known to the public. Private knowledge, secret knowledge or knowledge confined to a small, limited group is not necessarily an invalidating anticipation. Things that were known to the public only outside the United States are not invalidating anticipation.
2. Prior Use: An invention is anticipated if it was used by others before it was invented by the patentee, or more than one year before the patentee filed his patent application. "Use," in this context, means a public use.
3. Prior Publication: A patent is invalid if the invention defined by the claims was described in a printed publication before it was invented by the patentee or more than one year prior to the filing date of his application. For a publication to constitute an anticipation of an invention, it must be capable, when taken in conjunction with the knowledge of people of ordinary skill in the art, of placing the invention in the possession of the reader. The disclosure must be enabling and meaningful. In determining whether the disclosure is complete, enabling, and meaningful, one should take into account what would have been within the knowledge of a person of ordinary skill in the art at the time, and one may consider other publications that shed light on the knowledge such a person would have had.
4. Prior Patent: If the invention defined by the claims was patented in the United States or a foreign country, either before it was invented by the inventor or more than one year before the inventor filed his patent application, then the invention was anticipated. The effective date for this type of anticipation is the date on which two things co-existed: (i) the owner of the referenced patent had the right to enforce that patent; and (ii) the reference patent was available to the public. What was "patented" in the reference patent is determined by what is defined by its claims, interpreted in the light of the general description.

5. On Sale: A patent is invalid if the invention claimed in it was on sale in the United States more than one year prior to the application filing date.

6. Prior Invention: If the invention defined by the claims was invented by another person, in the United States, before it was invented by the inventor, and that other person did not abandon, suppress, or conceal the invention, the invention lacks novelty. A prior invention, even if put in physical form and shown to produce the desired result, is not an invalidating anticipation unless some steps were taken to make it public. However, it is not necessary that the inventor had knowledge of that prior invention.

7. Prior U.S. Application: A patent is invalid for lack of novelty if the invention defined by the claims was described in a United States patent issued on a patent application filed by another person before the invention was made by the inventor. The effective date of a prior application for purposes of this issue is the date on which it was filed in the United States. Foreign-filed patent applications do not apply. If the issued United States patent claims the benefit of more than one United States application, its effective date as an anticipation is the filing date of the first United States application that discloses the invention claimed in that referenced patent.

Experimental Use Exception: The law recognizes that it is beneficial to permit the inventor the time and opportunity to develop his invention. As such there is an "experimental use" exception to the "public use" and "on sale" rules. Even though the invention was publicly used or on sale, more than one year prior to the application filing date, that does not invalidate the patent, provided the principal purpose was experimentation rather than commercial benefit. If the primary purpose was experimental, it does not matter that the public used the invention or that the inventor incidentally derived profit from it.

When a public use or sale is shown, the burden is on the inventor to come forward with evidence to support the experimental use exception. Only experimentation by or under the control of the inventor qualifies for this exception. Experimentation by a third party, for its own purposes, does not qualify for this exception. Once the invention leaves the inventor's control, its use is a public one, even if further experimentation takes place.

The experimentation must relate to the claimed features of the invention. And it must be for the purpose of technological improvement, not commercial exploitation. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of experimentation. A test done primarily for marketing, and only incidentally for technological improvement, is a public use.

REJECTION UNDER 35 U.S.C. § 103(a):

Claims 5-7, 22-24, 38-40, and 55-57 stand rejected under 35 U.S.C. § 103(a) over May in view of Li.

Claims 5-7 depend from independent claim 1, claims 22-24 depend from independent claim 18, claims 38-40 depend from independent claim 33, and claims 55-57 depend from independent claim 50. Since each of claims 1, 18, 33, and 50 is considered to be in condition for allowance as discussed above, claims 5-7, 22-24, 38-40, and 55-57 are considered to be in condition for allowance by virtue of the fact that they depend from an allowable claim. In addition, claims 5-7, 22-24, 38-40, and 55-57 set forth additional subject matter that is considered to be patentably distinguishable over the prior art as discussed below.

For example, with respect to claim 5, this claim depends from claim 1 and recites:

The system of Claim 1, wherein the distance can be designated L_n , and is computed as:

$$L_n = \sqrt{\frac{\sum_k^K |offer_k - profile_k|^n}{K}}$$

where K is number of parameters being negotiated, $offer_k$ is the offer value for the k th parameter, $profile_k$ is the profile value for the K th parameter, the summation is over all K parameters, and n is the order of the distance measure.

Note that the "distance" in claim 5 refers back to the distance in claim 1, which is a distance between values in an offer from a first party and values in a profile of a second party. Not only does Li fail to disclose the expression claimed in claim 5, but the

expressions in Li, including those that are cited in the Office Action, are not even related to calculating a distance between values in an offer from a first party and values in a profile of a second party. Thus, not only does Li fail to disclose the limitations of claim 5, but Li fails to even suggest the limitations of claim 5.

It is further submitted that the present Office Action fails to provide proper motivation for combining the teachings of Li with those of May. The present Office Action merely states that the combination would have been obvious “to demonstrate that a variety of calculations may be performed by the auction management system.” Thus, the Office Action seems to reason that it would be obvious to perform calculations of Li in the system of May because calculations of Li may be performed in the system of May. It is respectfully submitted that such circular logic fails to provide convincing motivation for making the proposed combination of Li and May.

Thus, Applicant respectfully submits that the Office Action has failed to properly establish a *prima facie* case of obviousness. A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

Since claims 6 and 7 depend from claim 5, the discussion above in connection with claim 5 applies equally to claims 6 and 7.

With respect to claims 22-24, 38-40, and 55-57, each of these claims includes limitations similar to those discussed above in connection with claim 5. Therefore, claims 22-24, 38-40, and 55-57 are considered patentably distinguishable over the proposed combination of May and Li for at least the reasons discussed above in connection with claim 5.

For the reasons set forth herein, the Applicant submits that claims 5-7, 22-24, 38-40, and 55-57 are not rendered obvious by the proposed combination of May and Li. The

Applicant further submits that claims 5-7, 22-24, 38-40, and 55-57 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 5-7, 22-24, 38-40, and 55-57 be reconsidered and that claims 5-7, 22-24, 38-40, and 55-57 be allowed.

The Legal Standard for Obviousness Rejections Under 35 U.S.C. § 103:

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); M.P.E.P. § 2142. Moreover, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 U.S.P.Q. 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); M.P.E.P. § 2143.03.

With respect to alleged obviousness, there must be something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1986). In fact, the absence of a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573 (Fed. Cir. 1997). The mere fact that the prior art can be combined or modified does not make the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01. The consistent criterion for determining obviousness is whether the prior art would have suggested to one of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. Both the suggestion

and the expectation of success must be founded in the prior art, not in the Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); *In re O'Farrell*, 853 F.2d 894 (Fed. Cir. 1988); M.P.E.P. § 2142.

A recent Federal Circuit case makes it clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

CONCLUSION:

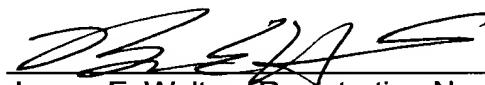
In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

A Request for Extension for Response Within the First Month is being filed concurrently herewith along with a Transmittal letter that includes an authorization to charge the Extension of Time fee of \$120.00 to Deposit Account No. **500777**. If there is no separate Petition for Extension of Time filed herewith, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) for a period of time sufficient to enable this document to be timely filed. Any fee required for such Petition for Extension of Time should be charged to Deposit Account No. **500777**.

Please link this application to Customer No. 38441 so that its status may be checked via the PAIR System.

Respectfully submitted,

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